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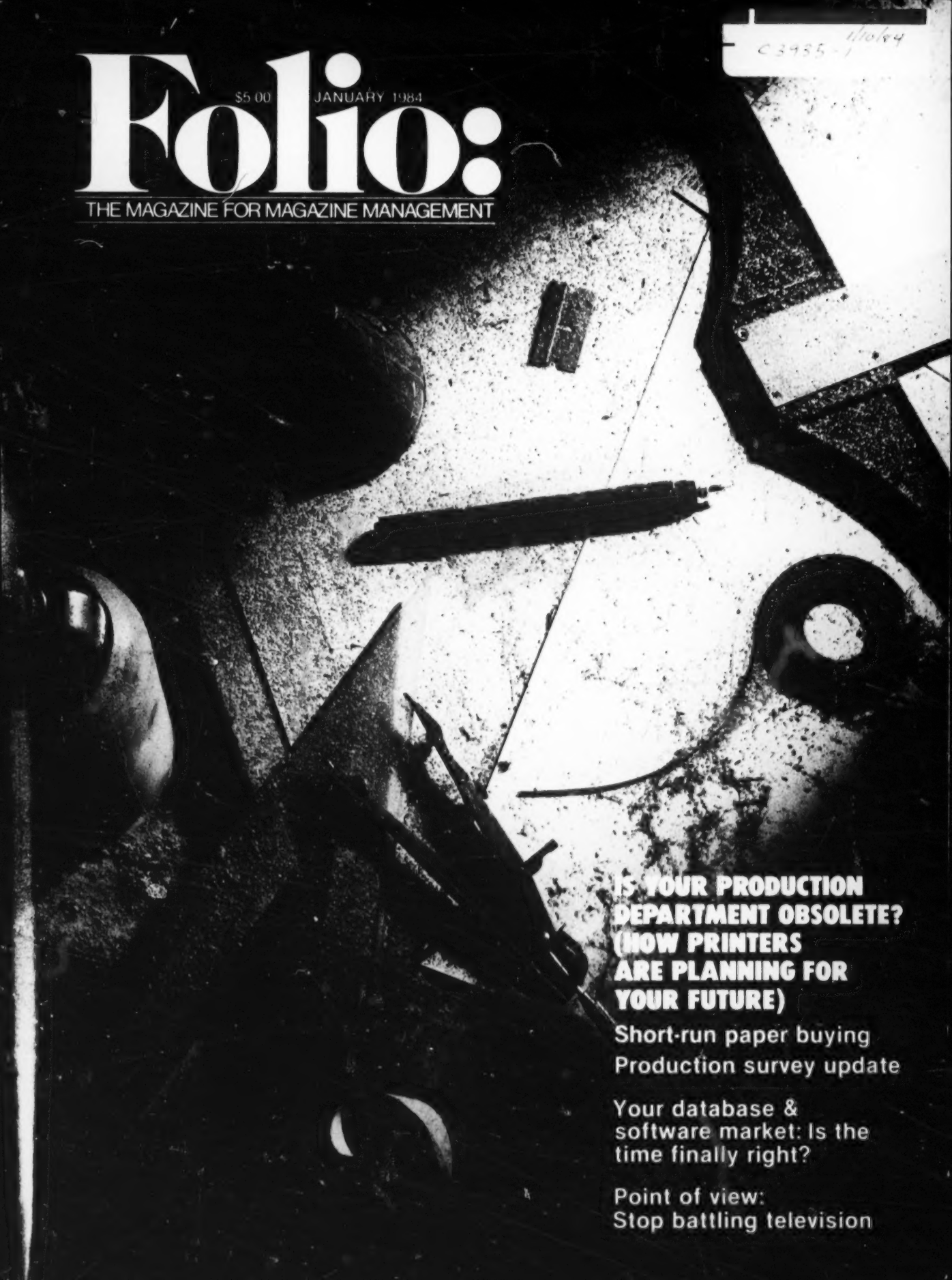
THE MAGAZINE FOR MAGAZINE MANAGEMENT



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Short-run paper buying

Production survey update

Your database & software market: Is the time finally right?

Point of view: Stop battling television

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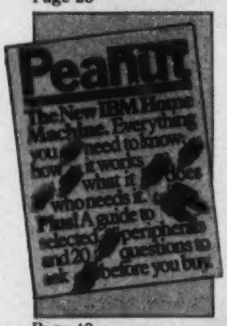

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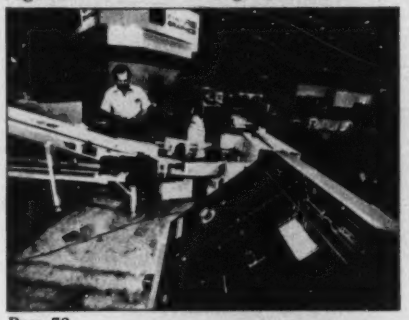

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Management

'Ad sales strategies narrow and short-term': MPA's Gorog

New York City—Up to 95 percent of magazine sales calls are made after the agency and the advertiser have determined what media to use. As a result, magazines are given a small slice of the advertising pie and salespersons tear each other up fighting over this small piece.

This is the opinion of William F. Gorog, president of Magazine Publishers Association (MPA), who has been making an appeal to magazine management to make earlier contact with ad agencies and advertisers, and to talk with people who decide the media mix.

The MPA has a campaign to inform the advertising community that network television is losing audience to cable and that television dollars should be diverted to magazines, but this message is lost if magazines don't do their part to see that the information affects media choices, Gorog contends.

"This whole issue is tied to a unique opportunity that our industry has right now," he says. "And that is to take advantage of the recognized fact that there is serious erosion in network television viewing. This erosion has raised a lot of questions in the minds of advertisers. They are concerned about whether they are getting the bang for the buck that they need for the sometimes outrageous expenditures made for network television buys.

"As a result, some of the more sophisticated clients, such as Campbell's Soup and Procter & Gamble, which really make their own decisions about media mix, have started to move a lot of dollars from television into magazines. Campbell's Soup is tripling its magazine buy in its upcoming budget: That money is coming out of network allocations. But these clients are sophisticated; they've done their homework and they know what's going on. There are lots of companies out there spending between one million and seven million dollars on advertising that need to be reached."

MPA is encouraging magazine sales staffs to go after the $15 billion to $16 billion spent on network television each year. Magazine industry ad revenue is only about $3.5 billion. "If we take 10 percent of network TV revenue and move it into print, we've increased our revenues 50 percent," Gorog reasons.

Marianne Howatson, senior vice president/marketing development, MPA, pointed out that magazine salespeople are not taught to think of the bigger media picture. "Traditionally, when salespeople go to an agency and find out that money isn't allocated to magazines, they fold up their tents, go back to the office, and write a memo assuring their publisher that an ad from that client will not appear in a competing magazine."

Another problem, she explained, is that salespeople aren't educated about dealing with television. "They don't know the first question to ask about why people buy television, and they don't know how to counter the responses. Too much of the focus in magazine ad sales has been on just fighting each other," she says.

Still another problem—the most important and the most obvious—is that the incentive programs are based on pages sold rather than on conversions of advertisers to print.

"There's a tremendous emphasis on the short-term," says Gorog. "People have to think beyond selling for next week or next month. If that's the only pressure that comes from the ad director—if incentive programs are scaled to that kind of performance—you're going to have the salesperson trying to take business from another magazine because that's the only place he can get it. I'm talking about longer-term planning—thinking ahead to late 1984 or 1985.

"If ad sales directors don't change their incentive programs, they should at least require salespeople to make calls on people who determine print allocations or who are not currently print advertisers. Salespeople should be told that, in addition to getting a certain number of pages, they must make a given number of cold calls per week or per month to people who determine media allocations."

Postal rate increase could take effect by October 1984

Washington, D.C.—Despite earlier predictions that a postal increase might be deferred until January 1985 (*see* FOLIO: *September 1983, page 28*), it now appears that a postal increase will go into effect in the fall, possibly by October. The U.S. Postal Service filed for a rate increase last November, and the Postal Rate Commission will act on the proposal within 10 months, or by September or October of this year.

After the Postal Rate Commission acts on the filing, it is then up to the Postal Board of Governors to decide when to implement the rate in-

Summary of rate changes proposed over current full rates

Mail category	Percentage rate change
First class:	
Letters	15.9%
Cards	13.0
Priority	3.9
Express mail	4.3
Second class:	
In-county	24.6
Outside	
Nonprofit	-7.9
Classroom	40.9
Regular rate	11.7
Third class:	
Single-piece	5.6
Bulk rate regular	21.9
Bulk rate nonprofit	10.7
Fourth class:	
Parcel post	11.8
Bound printed matter	5.6
Special rate	11.3
Library rate	12.0
Weighted avg.	15.4%

SOURCE: U.S. POSTAL SERVICE

crease, explained Ed McCaffrey, assistant postmaster general for rates and classifications. Depending on the financial situation of the USPS at that time, the board of governors may decide that the rate increases should go into effect immediately, say by October, or can be deferred for a short time, McCaffrey said.

The Postal Service requested rate increases of 11.7 percent for regular rate second class and of 21.9 percent for third class bulk rate regular, commercial mail. First class rates will also go up, by 15.9 percent; the rate for a letter will go from 20 cents to 23 cents. The last rate increases went into effect in November 1981.

The rate increases are needed, McCaffrey explained, because the Postal Service has predicted losses for fiscal 1984 and fiscal 1985. The loss for fiscal 1984, which ends September 30, is estimated to be $800 million. The loss for fiscal 1985, the year beginning October 1 of this year, is projected to be $2.3 billion, unless the rate increases go into effect. The Postal Board of Governors authorized the Postal Service to file for rate increases last November when it saw the amount of the projected losses, McCaffrey explained, adding, "The governors just could not tolerate a loss that large."

Support editorial risk-taking: Moffitt

Southampton, Bermuda—Management and editorial have to be committed to editorial freshness, Phillip W. Moffitt, editor and president of *Esquire*, recently told magazine management at the Magazine Publishers Association (MPA) American Magazine Conference.

This commitment requires risks, which management must be willing to support, he said. Management must be willing to invest in fresh editorial; it must realize that changing the editorial format of a publication can be expensive and time-consuming, he added.

Further, he implied that management should expect no guarantees that all attempts at editorial freshness will be successful. "If you don't find some ideas are failures, you are probably being too cautious," he said. "You probably aren't being daring enough."

What happens when an attempt at editorial freshness is not successful? "Management is making a mistake if it punishes editors for failure, rather than rewarding success," he said.

"The question of editorial freshness reflects the most common breakdown between management and editorial," according to Moffitt. "I asked one editor about corporate policy regarding editorial freshness at his company, and he looked at me and said, 'Around here, they think the way to bring freshness to the magazine is to hire a new editor.' "

(*See "Behind the lines," page 54, this issue.*)

Collecting copyright fees from large users: progress is slow

Salem, Mass.—Magazines still aren't getting even a fraction of the copyright fees to which they are entitled from corporations and educational institutions. The problems of auditing use and collecting fees are massive, and progress is slow.

Although there isn't very much money being collected, many publishing companies feel it's important to participate in large-scale collection efforts to protect their copyrights.

Under the law, users are required to pay the copyright holder a fixed charge per copy—at a price determined by the holder. But how can this law be enforced? Who has the time and resources to audit the thousands of companies and educational institutions that annually reproduce millions of pages of copyrighted magazine material without permission?

The Copyright Clearance Center (CCC) was created in 1978 to audit and collect copyright fees from users, and then distribute any revenues collected to the appropriate copyright holders.

"Over 750 business, technical, scientific and medical publishing companies—including large firms like McGraw-Hill and Chilton—have registered with us since 1978," reports Virginia Riordan, CCC's marketing manager. "But in terms of money generated through our efforts, we've collected only two million dollars in four-and-a-half-years, and that is a very small portion of the money we believe is owed to copyright holders."

Publishers who are dubious about CCC's ability to monitor accurately the large user companies still join the organization for two reasons, said Riordan. "One, as a way of expressing their commitment to our collection program; and two, as a way of warning users that publishers are concerned with the extent of copyright infringement in our country."

The copying audits CCC has performed over the last five years—concentrating on large, industrial Fortune 100-type companies—indicate that the average amount of reproduced copyrighted material is about four to five pages per year, per employee (that's every employee, from CEO to night watchman). Thus, a company with over 100,000 employees—at a current average cost of $1.39 per copy—owes various copyright owners substantial amounts of money.

"But only if many publishers participate in CCC," says Riordan, "and only if they are willing to exert legal pressure on large institutional users, will the companies comply with the copyright law and allow themselves to be audited. CCC has no enforcement powers."

Recently, CCC developed an annual licensing program, which makes it easier for users to comply with the law. Under the new program, companies are no longer required to report every copy produced. "The old, transactional system involved employees filling out log sheets, which had to be mailed to CCC on a regular basis," explains Riordan. "A lot of companies found the paperwork burdensome."

Under the licensing program, however, companies are audited for three months, and an annual flat-fee rate is computed, based on the publisher's charge per copy: *Business Week*, for example, charges $1.50 per article; *Sales & Marketing Management*, $1.00 per page. The user company then pays an annual fee to the magazine.

According to Riordan, the new licensing program offers a "broadened and increased opportunity for publishers to collect user fees from large corporations that formerly were not cooperating with us, because of the burden of reporting."

To become a participating publisher, send for a registration form from CCC, 29 Congress Street, Salem, Mass. 01970. There is no registration fee, but CCC does charge publishers 50 cents for every copy reported.

Consumer Reports database debuts on new videotex service

Mount Vernon, N.Y.—Consumer Reports has become the first magazine to have a database available on Knight-Ridder Newspapers' Viewtron, a new videotex service that was introduced to South Florida consumers in October.

Viewtron is the first of several electronic services that *Consumer Reports* expects to be on this year, according to an executive of Consumers Union, which publishes the magazine.

"We hope to be involved with all the major videotex services by the end of 1984," says Richard Cross, associate director of Consumers Union. *Consumer Reports*, for instance, is currently negotiating with the Dow Jones

Production

5% more paper to be used in 1984: MPA paper survey

New York City—Publishers are expecting to use almost 5 percent more paper this year than last, according to the Magazine Publishers Association (MPA) paper outlook for 1984.

On questions about inventory, 80 percent of the 93 publishers responding to the survey reported a "normal" inventory, 8 percent reported "above normal," and 12 percent "below normal."

However, executives interviewed by FOLIO also noted that MPA's survey, conducted in the spring of last year, probably doesn't reflect market and inventory conditions as they stand now. There was a sudden and unexpected shift in the paper market in late June and July (*See* FOLIO: *October 1983, page 5.*) Publishers have had to order paper earlier to meet future deadlines; many magazines do not have the backlog of paper that they would like to have in their inventories.

Thus, MPA's figures would probably be quite different if the survey had been conducted in the latter half of 1983, conceded Herbert Linden, director of manufacturing of Medical Economics.

Linden pointed out that, because 1984 is both an Olympic and election year, there will be more demands on the paper market as well as increased ad page projections for the magazine industry.

McGraw-Hill Inc.'s director of manufacturing and distribution, Bill Sullivan, pointed out the tremendous and steady growth of the catalog business, which is also infringing on the availability of paper to the magazine industry. But Sullivan said he could not tell whether the catalog business was going to continue to exert the same influence on the market.

According to MPA's survey of 93 publishers, projected total paper usage for 1984 is 1,429,365 tons, an increase of 4.8 percent over projections for 1983.

Of the total paper tonnage estimated for use this year, most is coated (groundwood or free) at 1,214,358 tons, a 5.2 percent increase from 1983's projections.

Coated groundwood continues to

Basis weights/printing processes used by magazines

Basis weights	1982	1983	1984
32-36 lbs.	53.7%	54.4%	54.2%
38-44 lbs.	25.5%	24.0%	23.8%
45-50 lbs.	9.7%	10.5%	10.8%
60+ lbs.	11.1%	11.1%	11.2%
Printing Processes	**1982**	**1983**	**1984**
Offset	62.1%	66.3%	67.9%
Gravure	30.6%	30.7%	30.6%
Letterpress	7.3%	3.0%	1.5%

SOURCE: MAGAZINE PUBLISHERS ASSOCIATION SURVEY CONDUCTED IN THE SPRING 1983. NINETY-THREE PUBLISHERS RESPONDED TO SURVEY.

Magazine paper needs — 1982-1984

		1982 (Actual)	% change from previous year	1983 (Projected)	% change from previous year	1984 (Projected)	% change from previous year
Total tonnage		1,333,193	--	1,364,162	+2.3%	1,429,365	+4.8%
Coated/Uncoated							
Coated	Groundwood	992,907		1,002,311		1,055,767	
	Free	141,874		151,812		158,591	
	Total	1,134,781	--	1,154,123	+1.7%	1,214,358	+5.2%
Uncoated	Groundwood	184,326		192,158		195,567	
	Free	14,086		17,881		19,440	
	Total	198,412	--	210,039	+5.9%	215,007	+2.4%
Groundwood/Free							
Groundwood	Coated	992,907		1,002,311		1,055,767	
	Uncoated	184,326		192,158		195,567	
	Total	1,177,233	--	1,194,469	+1.5%	1,251,334	+4.8%
Free	Coated	141,874		151,812		158,591	
	Uncoated	14,086		17,881		19,440	
	Total	155,960	--	169,693	+8.8%	178,031	+4.9%

SOURCE: MAGAZINE PUBLISHERS ASSOCIATION SURVEY CONDUCTED IN SPRING 1983.

be the predominant grade of paper used by magazine publishers, accounting for about 74 percent of total tonnage in 1982-1984. In 1982, 993,000 tons of coated groundwood were used. An increase to 1,002,000 tons was estimated for 1983, with 1,056,00 tons projected for 1984.

The survey showed that very little shift in basis weight is expected to take place in the 1982-1984 period: 32-36 lb. paper is expected to continue to account for about 54 percent of total usage; 38-44 lb. paper is expected to account for 24 percent to 25 percent; 45-50 lb. paper is expected have a slightly increased usage of almost 11 percent of total tonnage by 1984; and 60-plus lb. paper holds steady at just over 11 percent for the 1982-84 period.

The survey also revealed that letterpress continues to be on the wane, with only 1.5 percent of the survey sample indicating that they plan to use this process in 1984. Gravure is expected to hold a steady 30 percent share of publication printing for 1982-84. Offset continues to be the predominant printing process, with use expected to be at 67.9 percent this year.

On questions about roll size, 12 of the respondents (13 percent) said they planned roll size changes in 1983; 11 planned to go to narrower sizes, and one to a larger size.

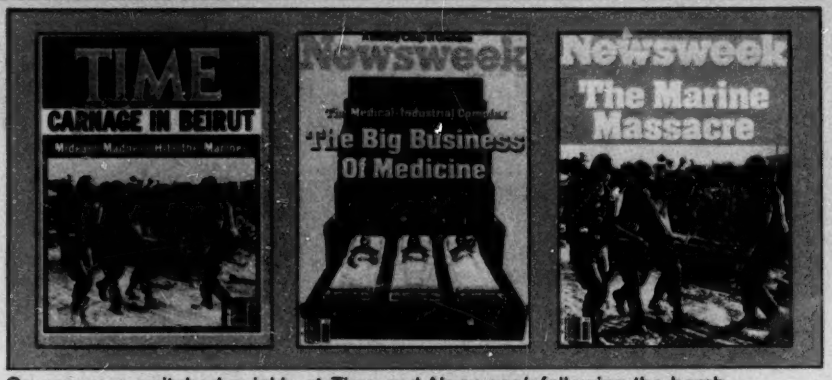
Time, Newsweek make quick changes after Beirut bombing

New York City—With the presses waiting to run, production managers at *Time* and *Newsweek* faced a stiff challenge October 30 following the bombing of Marine headquarters in Beirut, Lebanon: coordinating the largest unexpected remakes in the history of the magazines.

Editors at the newsweeklies ordered the remakes Sunday at 8 A.M.—the time both magazines normally begin their press runs, according to Gerard C. Levievre, editorial operations director at *Time*, and James M. Blackwell, senior editor for operations at *Newsweek*.

Time changed its cover and 40 inside pages, and contained 10 pages on the massacre. *Newsweek* redid its cover and 25 inside pages, and devoted six pages to the bombing. Both magazines used the same black-and-white photograph on their covers.

All five million copies of *Time* had the new cover, but 1.1 million of *Newsweek*'s 3.5 million copies were distributed with the original cover, featuring a story entitled "The Big Business of Medicine."



Covers were switched quickly at *Time* and *Newsweek* following the bombing of Marine headquarters in Beirut, Lebanon. *Time* was able to remake the cover for all five million copies of its October 31 issue; *Newsweek*, however, could not change the covers of 1.1 million of its 3.5 million copies, because two printers had schedule conflicts. *U.S. News & World Report* had already run its covers. *Time* and *Newsweek* report that the tragedy prompted the largest unexpected remakes in the magazines' histories.

"There was talk about ditching all the original covers," which had been printed Saturday night before the bombing, Blackwell said. "But we were hamstrung by the limits that the printers had."

Printers in Arkansas and Tennessee—two of the five printers *Newsweek* uses for its domestic edition—had schedule conflicts and were unable to redo the covers, he said. As a result, copies with the original covers were distributed in the South and Southwest, Blackwell said.

Levievre said remaking the magazine was more difficult for *Time* than for *Newsweek* because *Time*'s original cover story was a special report that took up a large number of pages in the back of the magazine. "When you have a back-of-the-book cover story, last-minute change is a problem," he says.

But the difficulty of the remake was not the reason *Time* did not begin its press run until 24 hours later than usual, and 11 hours later than *Newsweek*, Levievre said. *Time* must begin its presses no later than six hours after its 8 A.M. starting time in order to meet its normal distribution schedule, he said.

More women than men manage production, ABP survey reveals

New York City—Responses to a recent American Business Press (ABP) production management survey indicate that there are slightly more women than men holding managerial positions in magazine production departments.

Of the 98 respondents to the survey, 50 percent were female and 48 percent were male. (The remaining 2 percent did not answer the question.) Although the report did not indicate the number of responses for a similar survey taken in 1980, the report stated that this year's sample contains more responses from women than the prior study.

Other personal statistics about production managers and directors indicated that 24 percent of the respondents were under 30 years old; 31 percent were between the ages of 30 and 39; 76 percent had attended or graduated from college; and 76 percent had worked in production for five years or more.

Half or more of the respondents answered that they were responsible for the following managerial duties in their jobs: setting production department policy; setting qualifications for employment in the production department; checking and approving print bills and comparing them with mechanical budget; reporting and analyzing all quality complaints involving paper, printing, engravings and film; meeting closing dates and granting extensions; setting policy on such matters as advertising material returns and copy requests; maintaining space records of publications.

Areas of responsibility in the manufacturing process noted by half or more of the respondents included makeup of publication and determination of size of particular issue; layout of forms depending on color imposition and forms available for both ads and editorial; pasteup of advertising pages; positioning of advertising in publication; review of final dummy with editorial and advertising managers as to overall apearance, competitive advertising, editorial balance and special position guarantees; preparation and issuance of printing instructions

You have a two-year window to exploit the exploding arena of electronic publishing and cash in on the advantage you have with your loyal audience. Wait—and you'll miss the chance to establish yourself at low cost.

Database & software opportunities: Finally the time is right

By Haines B. Gaffner

If magazine publishers are tired of hearing about personal computers and electronic publishing, it's not surprising. The exhortations to get involved have been relentless. Most of you have waited—and probably that's been the wise decision: To date, far more money has been lost than made in electronic publishing.

But the field has suddenly been blown wide open by the surge in sales of micros. A host of distribution channels are falling in to place to feed information to millions of these hungry machines. Magazine publishers' waiting game has now been called.

As a publisher, you have a two-year window to exploit this exploding arena and cash in on the natural advantage you have with your loyal, captive audience. Wait, and the opportunity to establish yourself easily and at low cost will have passed. By 1986, there will be too many experienced, clever players in the markets you now own, and your entry costs and chances of failure both will have increased.

What change has caused this urgency as we enter 1984? *The convergence of the information and personal computer industries!* This convergence has created the following near-term opportunities for virtually all magazine publishers:

1. The opportunity to sell personal computer software to your hungry readers.

2. The chance to get information in your magazine's subject areas in electronic form (*i.e.*, databases) for access by communicating personal computers—which are rapidly becoming the terminal of choice in the offices and homes of your readers.

3. The opportunity to sell ads to personal computer hardware and software suppliers—who possess huge ad budgets and are seeking a variety of sources to get their messages out fast.

The pace of growth in these two converging industries is at the boiling point, and the heat will be sustained for the next two years. The beauty of this for you as a magazine publisher is the variety of ways to stake out your place—now. Creativity and entrepreneurship abound in moving electronic information and software to the rapidly increasing base of users: There are many today and will be more tomorrow who are your readers. The dozens of new marketing concepts under development offer you many opportunities for co-venturing at low cost.

How did the convergence happen?

User demand is proving to be the determining factor in the rapidly blossoming romance between the information and personal computer industries. The integrated services emerging in the marketplace promise to enable users to do a lot more with both software and information than they could do with either alone or both. And when the customer is happy, everybody benefits. Worldwide fascination with the personal computer has catapulted information into public view to create the personal information revolution.

Virtually overnight, the personal computer industry has become a major force in society. Two years ago the personal computer was still largely a hobbyist's plaything, and a modem sounded to most people like a device from Mars. Then, in December 1982, *Time* magazine gave its benediction to the idea that a revolution was truly coming in the wake of the personal computer by making the computer "Machine of the Year."

The rest is history. 1983 has witnessed an expansion not even the most alert of companies could have envisaged. Philip Estridge, IBM personal computer launch leader, recently revealed that IBM's 1985 target numbers were excelled in 1982, the first full year of rollout. Does anyone *not* know someone who's involved in buying or using a micro?

Get involved now

The personal computer is creating a de facto standard for the delivery of information—and it will trigger a rapid acceptance of "electronic" delivery by existing information companies and a horde of entrepreneurial startups. The constant outpouring of new databases will continue, along with an ever increasing variety of software to make the personal computer a powerful tool for information services. Magazine publishers should participate with their own databases and become software publishers, or distributors.

Together, these two industries will reach $11 billion in revenues by 1987. The most widely accepted forecast of North American electronic information revenues (from the sale of information delivered electronically) projects growth from $1 billion in 1982 to about $3 billion in 1987.

This growth by 1987 could dou-

Haines B. Gaffner is president and founder of LINK, a market research and consulting organization specializing in the new electronic media. LINK monitors and analyzes developments and interface trends between competitive and complementary information technologies such as personal computers, online databases, videotex, cable television, and videodiscs.

Gaffner has over 22 years of experience in the information industry, was president and a co-founder of FIND/SVP, is on the Board of Maple Press, and was on the Board of the Information Industry Association for seven years.

ble as the impact of the communicating personal computer becomes more evident. The personal computer software business alone (sans hardware) for U.S. suppliers will have soared from the same $1 billion in 1982 (Table 1) to approach $8 billion in 1987. And users are just beginning to appreciate the combined benefits of stand-alone software plus access to databases.

It's simply one of those rare cases where everybody gains: information providers, micro hardware/software suppliers, and the end user. No losers—except the slow-footed!

By 1987 there will be almost 60 million personal computers installed in the United States. Over half are likely to be equipped with modems—the essential devices that enable the personal computer to communicate over telephone lines with remote databases. Other transmission media, such as radio and satellite, cable and optical disc media, will also tie in to the personal computer; this will provide a selection of different channels, each competing to offer the best economics of delivery.

TABLE 1

SOURCE: LINK RESOURCES CORP.

Worldwide revenues of U.S. personal computer software suppliers: 1981-1987

	1981	% GROWTH	1982	% GROWTH	1983	% GROWTH	1984	% GROWTH	1985	% GROWTH	1986	% GROWTH	1987
HARDWARE MANUFACTURERS	190	92	365	56	570	52	865	47	1,275	42	1,810	34	2,420
INDEPENDENTS	240	108	500	75	875	60	1,400	53	2,145	43	3,070	34	4,110
SYSTEMS HOUSES	50	100	100	46	146	68	245	62	397	57	625	47	920
TOTAL ($M)	$480	101	$965	65	$1,591	58	$2,510	52	$3,817	44	$5,505	35	$7,450

Database access is an aftermarket

Magazine publishers should gear up to take advantage of the surging personal computer installed base. Few personal computers are being acquired to access databases initially (although the percentage has risen over the past few years). Even more than peripherals and software, online database usage is an aftermarket, and will remain so during 1984-85. First sell your market software.

The personal computer is being purchased for a host of applications, business and personal, around which the personal computer software industry is growing. In early 1983, database access accounted for 36 percent of business/professional use—primarily for in-house data retrieval. And there is growing usage of personal computers for business purposes in the home (roughly 50 percent).

Communicating personal computers are already propelling the expansion of the online information industry from serving primarily specialists like stock broker/trader/analysts, economists, market researchers and librarians, to a broad new market of users in business, the professions and the home. Until the personal computer surge, the online database industry was marooned on something like the chicken and egg question: not enough terminals were present in the marketplace to justify the entrance of many publishers, and the mass market of potential database users were not enticed into obtaining terminals because of the more or less correct perception that only a limited number of specialized databases were available.

The communicating personal computer has changed all that.

Software: The dramatic change

Results of the 1983 LINK/IDC annual survey of 5,000 personal computer users in many market segments (completed in mid-1983) emphasized the current aftermarket status of database access. Online usage is only now being recognized as an application. This will change dramatically during 1984-86, the time when publishers should roll out their software offerings as they build their database offerings.

Word processing maintains its number-one status as the primary software application. Following in order of priority are programming, spreadsheet analysis, financial analysis and personal uses.

A finer application breakdown can be had by looking at the most important software packages from the user's viewpoint. VisiCalc remains the leader, despite all the "visiclones" and the emergence of integrated software packages like 1-2-3. WordStar is number two, and there are five other word processing packages in the Top 15. Database management software (DBMS, as dBase II) is a crucial application, but not implemented until the user is competent with the system. Other applications mentioned were accounting, engineering/scientific, games, graphics, home education and school education.

Magazines make the difference

Nearly 90 percent of users get information about new software packages from trade publications. This reinforces the importance of obtaining software and database reviews in these magazines, plus news stories. Advertising also seems to be doing its job, being the second most important information source for future software purchases (41 percent). This emphasis on magazines by users explains your natural role in this market.

In fact, a major reason for the surge in online database interest by the personal computer owner has been heavy coverage in the incredible array of magazines covering the industry. One recent survey counted 70 such magazines, and with each trying to "look different," they all seemed to discover the personal computer/modem/database link about May 1983. Since then, hardly an issue of any of these magazines is without an article or two on "information utilities"—and several have devoted whole issues to the "world of information available to your personal computer."

One result of all this attention is an increase in modem purchases: The modem is now the most acquired peripheral item after the initial personal computer purchase. Sixty-four percent of purchasers now get a modem, up from only about 18 percent one year earlier. Within two years, many personal computers will be delivered with the modem built in. In the office, by 1987 the modem will be virtually standard equipment as part of the personal computer workstation. By 1987, even 56 percent of home personal computers will have modems. This is why the videotex industry in North America is adopting the communicating personal computer as its primary vehicle for near-term growth.

Multiple distribution channels: the key

The primary push behind the huge growth in sales of the personal computer has been the successful development of a wide array of channels of distribution for both hardware and software. Channels used to distribute software products include hardware manufacturers, systems houses, distributors, retail stores, direct sales,

"The personal computer is creating a de facto standard for the delivery of information. Magazine publishers should get involved by developing their own databases and becoming software publishers, or at least distributors."

mail order and other emerging channels. The 1983 LINK/IDC user survey indicated the four most important sources for software purchased *after* system acquisition are, in order of importance, mail order, retail stores, direct from vendor, and, with a surprisingly low rating, software-only stores. The growing acceptance of mail order is the motivator for publishers to offer software products in their pages. Also, considerable change is under way, opening the 1984-86 window.

The traditional software distribution structure of author-publisher-retailer-user is changing through vertical integration as the industry matures, and through the emergence of traditional publishing channels as a parallel path for software marketing (Figure 1). As competition widens, an ongoing fragmentation of distribution channels is bound to occur. The shelf space, service, packaging and promotion provided by/for any single type of outlet is limited. Specialties centered on price, function and application will narrow. Thus, market strategies will be based on various sets of distribution alternatives, often overlapping a number of vertical or horizontal marketing approaches.

The relationship of five categories of software-based products (entertainment, producing, education, training and information) to personal computer market distribution channels is characterized as horizontal or vertical. Horizontal channels include those that market products generically (home computers, videotex, micro magazines, all software); vertical channels are those best suited to deliver products to specialized, niche markets (real estate agents, nine-to 12-year-olds, amateur meteorologists). This matches the breakdown of the magazine industry into general and special interest publications.

Not only are personal computers becoming the locus for the application of business and professional information to decision-making, but personal computers and software have become extensions of simpler educational tools in the classroom. People who are accustomed to spending leisure time at home in an easy chair reading a magazine are now beginning to spend some hours of leisure time in front of a CRT screen.

The birth of an industry

The software publishing industry was born when certain astute entrepreneurs recognized the opportunity to organize the results of the very prolific but scattered genius of a growing army of software developers who were creativity-rich, but resource-poor. Two of the earliest software publishers, Lifeboat Associates and Personal Software (now VisiCorp), essentially accepted submissions from authors and assumed the role of midwife in getting the finished product to market.

In the rapidly evolving structure of personal computer distribution channels, the following roles emerged:

•*Author*: A company or individual responsible for actually creating a software product.

•*Publisher*: A company performing the functions of evaluating, editing, packaging, manufacturing, marketing, promotion, and distribution for software products. Within this broad range of functions, two trends can be identified: 1) the Publisher/Developer, which has integrated internal authorship with its other functions; and 2) the Publisher/Distributor, which is able to exploit its strong integration in the other direction, distribution, by providing distribution for the software lines of other publishers as well as its own.

•*Distributor*: This category includes companies providing a link between the entire software publisher and the retailer or end user; large retail specialty stores and mass merchandisers; the operators of telecommunications media; hardware manufacturers that provide some of their own retail channels; and mail-order houses selling directly to users.

Financial remuneration generally is made on a royalty basis with the publisher turning over a certain percentage of the package price to the author. In many cases, these publishing agreements are nonexclusive, especially in cases where the package is provided by a company with an established sales organization. The issue of support provided the product by author or publisher is a sensitive one: The amount required or available from the author will increasingly help determine a publisher's product line.

During the evolution of the "traditional" software publishing business in its five-year history, there has been a growing shift in emphasis, from publishing as a company's sole activity, to one of the varied ways that a variety of companies can participate in the lucrative software marketplace. To capture more of the software publishing pie, hardware manufacturers, established software houses, book publishers, a broadcaster (CBS), and a video programming house (Children's Television Workshop, producers of "Sesame Street") have entered the market.

The emergence of new participants in the personal computer software business (the book publishers in particular, with their extensive sales forces and established distribution channels) increases the possibilities for cross-fertilization between these various kinds of providers and distributors of personal computer software. Magazine publishers can participate in a variety of these possibilities, depending on the amount of investment and risk they are willing to assume.

Be ready for the future

As the software industry matures and the installed base of communicating micros expands, your database products should be ready. As you study the market opportunities and forecasts, remember that you have a variety of options for involvement. The simplest and least costly is to put portions or all of your text information "up" on a public online service such as NEXIS, which carries numerous magazines now.

More aggressive is to utilize a private label distributor, which provides the publisher a turnkey system for an ongoing fee. The publisher must provide sales, marketing, invoicing, positioning and financing, so the investment and risk increase accordingly. (For a full discussion of pros and cons, see FOLIO, August 1983, page 24.) Table 1 reveals many markets open for exploitation by both general and special pupose magazines. Let's look at some with the most promise to your industry.

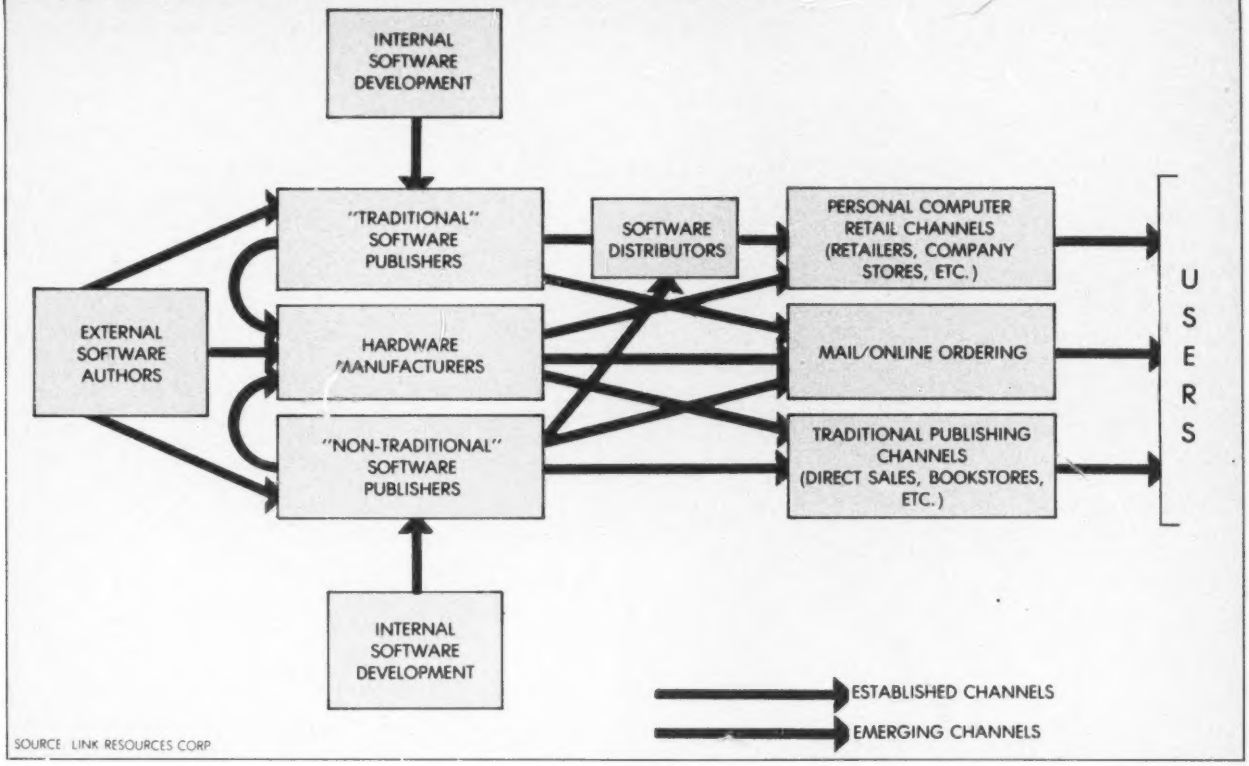
Consumer information services

Consumer databases must be defined not by their context of usage (business and professional information is now and likely will increasingly be accessed at home as well as the office), but rather by content. That content might be educational, such as in the case of online encyclopedias, information that leads to a purchase decision (shopping information, restaurant guides, etc.), news, or even entertainment information—to name the most obvious categories.

To date, those who have tried

FIGURE 1

Changing software distribution channels



SOURCE: LINK RESOURCES CORP

have not been successful in selling consumers information delivered via terminal. Prestel has been a well-publicized flop in the home market; The Source is redirecting its efforts toward business; and CompuServe Information Service, though reportedly profitable, is the first to point out that revenues from communications (especially C-B, a kind of cocktail party conferencing service) and games far surpass information in garnering revenues.

The disappointing evidence of a home market for electronic information has not deterred planners at many major companies, however. Dow Jones, for example, has been adding a number of consumer-oriented databases (Grolier's Academic American Encyclopedia, movie reviews, sports and weather) for its rapidly growing contingent of home users, with a long-term eye on fixed-price cable delivery to the home.

The market for two-way consumer information services will grow rapidly over the next five years, driven by home computers that will increasingly be equipped with modems. Revenues from consumer databases of $10.5 million in 1982 are expected to compound annually at 76.2 percent, reaching $178.5 million by 1987.

The opportunities present in targeting a specific professional user group, evidenced by Mead Data Central's success story with its LEXIS service for lawyers, have begun to be explored in other professional areas as well. Two of the most relevant are medical professionals and farmers.

Medical information services

1983 has seen the beginning of two major initiatives to develop the medical information services market: the GTE Telenet Medical Information Network, or AMA/Net, and BRS Medical Group's Colleague System (originally called Medical Information Retrieval System, or MIRS).

AMA/Net provides data on drugs, diseases, nonclinical aspects of health care, and medical procedure coding and nomenclature licensed and maintained by the American Medical Association, along with communications offerings such as electronic mail and bulletin boards. Pricing is in the $25/hour range.

Colleague's focus is on information for emergency medical care. It involves the use of a fairly elaborate microcomputer-based system for searching full-text information stored locally on hard disk or on the BRS mainframe, and incorporates a videodisc player for retrieving still frame medical diagrams. Its pricing is in the range of $1,000/year. According to the AMA, there are over 450,000 MDs in the United States, and almost 11,000 group practices of three or more physicians. There should be growth in penetration of about 100 percent a year for the next two years, with even faster growth in 1985-1987, resulting in an average annual compound growth rate from 1983 to 1987 of 128.9 percent.

Farm information services

Online services for farmers have emerged in the past year as a particularly fast-growing market. Revenues for 1982 reached $5 million and are expected to grow to $52 million by 1987. Much of this growth is the result of the rapid proliferation of personal computer use by farmers (one indicator being the rapid proliferation of software companies and newsletters devoted to agricultural computing).

Farmers are proving to exemplify the information-intensive small business par excellence, and represent yet another very large potential market. There are 2.3 million farmers in the United States, of whom 250,000 earn gross revenues of $100,000 or more per year. The penetration of personal computers currently stands at 2 percent to 3 percent, but in five years it is expected to reach 20 percent.

Industry-specific databases

Databases in this category contain economic data and a wide variety of information pertinent to a particular

industry. The total market for industry-specific databases is currently worth $28.2 million and is expected to grow to $73.4 million in 1987. The use (and expected growth in the use) of these databases varies with each industry and depends on how information-intensive the industry is as well as the economic climate within the particular industry.

General business and industry

This market includes databases that provide bibliographic coverage of business and industry, such as ABI/Inform, the Predicasts databases, Management Contents and Information Access Corporation's Trade and Industry Index (the latter two owned by Ziff-Davis), as well as databases of industrial companies and establishments such as X/Market, and Dun's Market Identifiers, a similar database produced by the Dun's Marketing subsidiary of Dun and Bradstreet.

Overall, this market, which accounted for only $10 million in revenue in 1982, is expected to grow at a healthy 25 percent average through 1987.

Industrial directories and catalogs

The market for online directories and catalogs, a secondary business for many trade publishers, is currently worth $1.8 million and is expected to grow to $8.4 million in 1987, an average annual growth rate of 36.1 percent.

Current offerings include Market Data Retrieval's various electronic yellow pages directories, including the Construction Directory, Financial Services Directory, Professionals Directory, Retailers Directory and the Wholesalers Directory.

Also available online are CATFAX: Directory of Mail Order Catalogs produced by Grey House Publishing, Inc.; and Energynet, a directory of energy-related organizations and foundations that provides information on nongovernment and nonprofit groups.

Catalogs available online include the many book and periodical catalogs such as R.R. Bowker's *Books in Print* and *Ulrich's International Periodicals Directory*. But the greatest growth is expected in industrial catalogs such as those produced by Information Handling Services and other providers of parts and equipment information.

News databases

The market for interactive retrieval of news information is really two markets, classified as news "archives" and news delivered over "videotex-type" services. The news archives are characterized by the following:

- A retrospective emphasis.
- Sophisticated search software.
- Relatively high prices.

The videotex-type news services have different distinguishing characteristics:

- Limited maintenance of retrospective coverage, with the emphasis

Magazines' approaches to software and databases differ

Let's investigate specifically how magazines can be involved in offering their information and know-how in electronic form. At this point, the primary example of actual participation is by business and news magazines in online databases. A growing number are regularly feeding their full text to NEXIS, the online service operated by Mead Data Central (MDC). Publishers receive a royalty of 20 percent of the online revenue paid by users to MDC. Users generally search NEXIS by subject and key word, rather than by publication. As a result, users are frequently introduced to information from magazines they would not have read on a routine basis. Because of high user interest in computers, for instance, *Computerworld* has received royalty payments considerably larger than anticipated.

At launch in 1980, NEXIS had only two magazines: *The Economist* and *Dun's Business Month*. (NEXIS also includes newspapers, newsletters and news wires.) A major milestone was reached when McGraw-Hill signed up some 30 business publications, and later agreed to offer about the same number of newsletters. Among those of McGraw-Hill currently online are *Business Week, Aviation Week and Space Technology, Chemical Week* and *Electronics*.

Several magazine publishers have become more deeply involved in the online database business:

- *Reader's Digest* acquired a majority position in The SOURCE, a mass market, online distribution service.
- *Billboard* offers direct online access to its weekly chart information, as described fully in FOLIO, August 1983, page 23.
- *InfoWorld* offers its weekly software reviews on the CompuServe online service.
- McGraw-Hill offers an online market maker service for the chemical industry over the I.P. Sharp online service. News and price data are used from *Chemical Week, Business Week, Chemical Engineering* and other related publications and newsletters.
- *American Banker*, owned by International Thomson, is the prime supplier along with other magazines' data of ongoing news on InnerLine, an online service aimed entirely at the banking industry.
- AgriStar is a comprehensive online service enabling farmers to access a variety of information using their communicating personal computers. *Farm Futures* is among the magazines participating.
- AskUs is a New York City clearinghouse enabling publishers to place their classified ads on several networks through a bulk arrangement with AskUs.

Put your data in electronic form

Consumer information services are in their early developmental stage. During 1984-85 there will be rapid growth in the number of users at home accessing online databases with their home computers. Should you first offer personal computer software or online databases? Neither is possible until your information is in electronic form, so that comes first. With that accomplished, you can go either way as the market unfolds. Databases can be offered online, or on a floppy disk to run on a personal computer.

Some information lends itself better to one medium than the other. Because marketing and operational costs will vary depending on which way you go, here is your basic guideline: If your information is timeless, more in the "how-to" category, start first with a software program. If your content is news oriented, requiring an ongoing update aspect, start with a database.

While software could be produced by your firm, more frequent will be a co-venture with a software firm, with you providing the subject know-how. The software packages that sell well in your magazine (it's a "hit record" type of business) would then be sold through other distribution channels, capitalizing on your name. *Playboy* has done this with its Playboy Clubs, and more recently with its Playboy CATV network.

Consumer database possibilities

In the future, you could well find such timely databases as these:

•*Vogue* extracting from each issue the evolving world of fashion, continuously updated as to what's in and what's out, and current best buys.

•*Skiing* offering ski conditions at major resorts.

•*Money* offering current tax shelters and status of participation, and when they might be sold out.

•*New York* offering movie, theater and restaurant reviews, and what's happening around town.

•*Better Homes and Gardens* offering recipes and nutritional information that either is duplicated in the magazine itself or is drawn from excess material that could not be included in the magazine. Actually, they have tested such a service on CompuServe.

Personal computer software

Selling software to your readers is an exciting new opportunity. The major success scored by mail-order sales of software proves that micro users would be willing to purchase software from the pages of your magazines. Computer magazines have already ventured forth in this direction, a natural extension of their service to their readers. Ziff-Davis has launched a monthly magazine that actually delivers diskettes to subscribers.

Hayden Publishing Company has for some years seen personal computer software as a natural extension of its business. Hayden publishes books and magazines, and has handled software related to its basic business field, as well as totally unrelated software, such as games.

A primary example of this trend is the direction taken by *Successful Farming* magazine. They sell two custom-developed software packages of management programs for farmers. The costs of the packages range from $89 to $500. One program helps farmers watch the commodity market, and another helps them estimate needed quantities and costs of pesticides and herbicides. Five new programs are under development. The magazine feels software programs are a natural extension of its service to readers and a means to leverage its franchise in the farming market. (For details on this example, see FOLIO, August 1983, page 7.)

Looking ahead, one could visualize the following types of programs being offered by consumer magazines:

•*Glamour*, with software for developing your own personal fitness program, based on your age, size, weight, complexion, etc.

•*Seventeen*, with programs for improving scholastic test scores.

•*Money*, with software for personal financial planning and tax preparation.

•*Sports Illustrated*, with programs for running swim meets, tennis ladders, and season-long golf tournaments with built-in handicap systems.

•*Forbes*, with an Investment Software of the Month Club that offers members a monthly selection of software useful in portfolio analysis and investment selection.

•*Gourmet* and *Bon Appetit*, with programs delivering recipes for cooking a la Chinese, Mexican, Indian, etc., and for desserts, salads, fish, etc.

•*People*, offering a Game of the Month Software Program, such as the record clubs.

•*Working Woman*, with software for self-improvement and finding a job.

Business magazines will have an easier time reaching an audience of buyers. The personal computer in the office is beginning to standardize around the IBM operating system. Other interface devices have been developed so that the standardization problem between personal computers should not hold back sales.

Business magazines can offer, on a co-venture basis, software that is needed in virtually any business: accounting, financial analysis, graphics, word processing and scientific problem solving. There are over 100 word-processing packages now available. However, the trend in the software industry is to develop solutions on a vertical industry basis. Therefore, those many business magazines servicing specific industries should soon find software developed that will accommodate needs in their industry.

on current news.

•Easy-to-use, menu-driven access techniques.

•Relatively "popular" prices.

These catagories are converging, and will become increasingly blurry.

Electronic news archives

The North American market for distributors of electronic news archives (both abstracts and full text) in 1982 accounted for $19.38 million and is expected to grow to $130.22 million by 1987. Many magazines are already covered in these database services. It is a market currently dominated by Mead Data Central's NEXIS; Dow Jones News/Retrieval; *The Toronto Globe & Mail*'s INFO GLOBE; and various newspaper and magazine indexes.

News over videotex-type services

The market for news delivered by videotex-type services produced revenues of $15.9 million in 1982, a figure expected to reach $137.0 million by 1987. While most participants are interested over the longer term in the "home market," the office market is the focus of short-term expansion. The market leader here is Dow Jones News/Retrieval. Other factors include Dialcom, which was acquired late in 1982 by International Telephone and Telegraph (ITT); The Source, where UPI's news has been the most frequently accessed database; CompuServ Information Service, which retains the most successful of those newspapers participating in the CompuServe/AP electronic newspaper experiment; NewsNet, which has well over 100 newsletters available; and NewsTrack, a Dialcom/UPI joint venture.

The future growth of this market is expected to be fueled by a number of new entrants, including regional videotex services. But many videotex information services, particularly regional networks, will likely become advertising-supported after an initial period of direct support by users. This shift to an advertising-supported basis accounts in part for the slower growth after 1986, which is also a result of a trend toward increasingly niche- and industry-oriented packaging—moving traditional "office videotex" news revenues into other market categories.

The window is open: Get involved

Magazine publishers have always been in the business of supplying information. Now is the time to leverage the market you've built by selling it software and information in database form. The explosion in acceptance of the communicating personal computer has opened the window wide. But you're dealing in a very dynamic arena where competition by 1986 will be fierce and intense. If you get involved now, your timing will be accurate. As 1984 rolls by and 1985 dawns, your window will be closing. By 1986, the curtain could well have been drawn.□

FOLIO's second production trends survey charts the answers of 253 production managers to a range of questions affecting the industry.

The 1984 Production trends survey

By Barbara Love
Executive Editor

What are the trends in magazine production? Do production managers expect a paper-supply shortage in 1984? What typesetting changes do they have planned? Do they think the quality of ad reproduction has improved? Is management more understanding of production department problems?

To find out the answers, FOLIO conducted a survey last fall. Two hundred fifty-three production managers participated. Three years ago, FOLIO conducted a similar survey. Because many of the questions are the same, some interesting differences are revealed when the answers to the two surveys are compared.

More expect paper-supply problems

More executives in this survey expect paper-supply problems in the year ahead than expected them three years ago. This time when we asked production managers if they expect paper-supply problems in 1984, 42 percent said "yes." When the same question was asked for the 1981 survey, only 13 percent said "yes." At that time, production managers were in the midst of a severe paper shortage that began in 1975 and reached a crisis point in 1979 and 1980. In 1981, production managers were expecting an easing of the crisis—and they were right.

The large percentage of production managers who think there will be a paper shortage in 1984 were beginning to experience shortages in late 1983 when they responded to the survey. Further, paper shortages in 1984 had been expected. In a feature article published in FOLIO in January 1981 (page 64), experts agreed that a paper shortage would once again develop in 1984. They based their predictions on machine announcements made at that time. No U.S. manufacturer had announced any new paper capacity for 1984, and magazine demand for paper was expected to steadily increase. In 1980, St. Regis Co. predicted an overcapacity of U.S. produced coated groundwood of 102,000 tons, and a shortfall of 55,000 tons in 1984.

What really took people by surprise was not that a paper shortage developed, but that the shortage came earlier than expected. This may be because many magazines recovered very well from the recession in the second half of 1982; some even announced record advertising pages.

Fewer switching to lighter weight

Only 10 percent of respondents said they plan to reduce the paper weight for text or cover stock in 1984, as compared with 24 percent who said they would take this step in 1981.

Many publishers have been moving to lighter weights over the last few years. Because no postal rate increases are expected in 1984, there is no great incentive to further reduce paper weight. The situation could change in 1985, of course, when postal rates are expected to rise again.

About the same percentage of respondents on each survey said they planned to move more pre-press work in-house (40 percent vs. 39 percent). This question requires more research to determine what pre-press functions are being referred to. A few magazines are moving black-and-white camera work in-house. Conventional wisdom today says that fewer publishers are moving typesetting operations in-house.

45% changing typesetting method

The most common method of typesetting among respondents is in-house (43 percent), followed by outside supplier (33 percent), and then interfacing (14 percent). Forty-five percent expect to change the way they set type in the next two years. Those who use outside typesetters indicated they are most likely to change methods (63 percent), followed by those using interface (44 percent). Those with in-house operations are the least likely to change (31 percent), according to FOLIO's survey.

Thirty-six percent of respondents said they expect to have an electronic editing system in the next two years. In the fall of 1980 when FOLIO posed that question, we asked how many expected to purchase electronic editing systems in the next five years. Fifty-five percent said they had plans to do so.

Because a lot has been written about printers' War on Waste programs, FOLIO decided to ask a new question this year: "Has your printer been able to reduce waste in the last two years?" Fifty-three percent said "yes."

On the quality issue, a smaller percentage this time around said they are satisfied with the advertising reproduction quality in their magazines (76 percent vs. 86 percent). When asked this year if they are satisfied with the quality of materials supplied by advertisers, only half (51 percent) said they are.

The percentage of magazines specifying the use of SWOP standards has grown only slightly (from 57 percent to 60 percent), despite persistent efforts to have all parts of our industry adhere to them.

Are advertisers demanding better quality reproduction? Sixty-eight percent said "yes" three years ago, versus 61 percent today.

The majority of magazine production managers say that the quality of ad materials is checked both by their production departments and their printers (59 percent). Seventeen per-

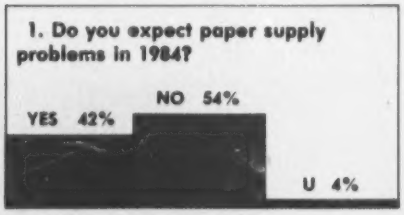
cent say it's checked only by the magazine; 12 percent say it's checked by the printer.

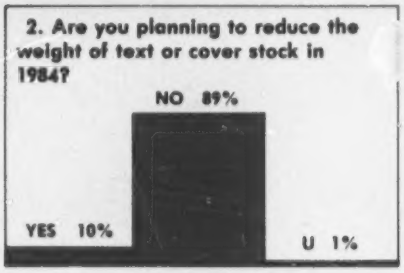
Most magazine production managers rely on suppliers' reps as their primary source for technical information, according to respondents. Forty percent rely on suppliers' reps; 22 percent rely on colleagues; and 17 percent rely on the trade press.

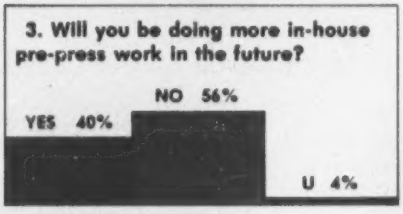
The last question asked on each of FOLIO's two production surveys addressed how production managers think management views the production department. There has been no progress here. Three years ago, 63 percent of production managers said they thought management was sufficiently interested in and sympathetic to production department problems, versus 55 percent this year.□

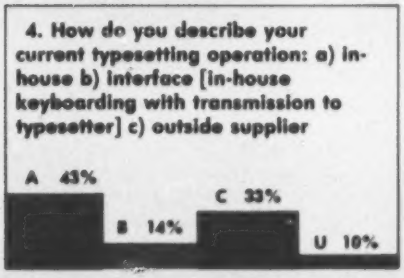
1984 Folio: survey on production trends

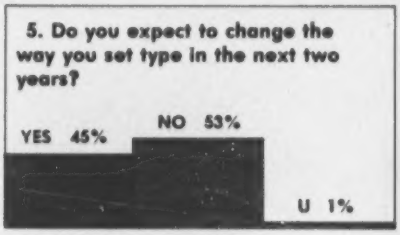
(U =UNDECIDED OR NO ANSWER)

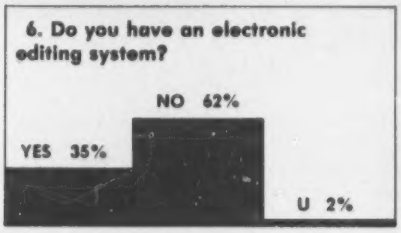


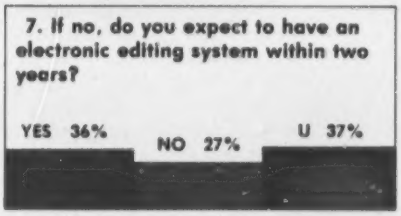


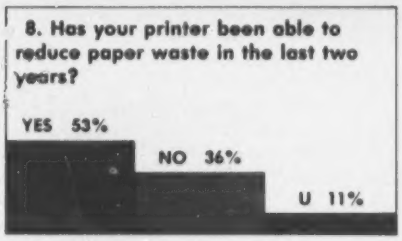


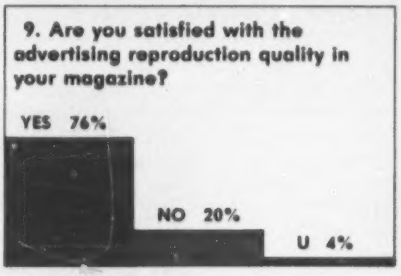

4. How do you describe your current typesetting operation: a) in-house b) interface [in-house keyboarding with transmission to typesetter] c) outside supplier
A 43%
B 14%
C 33%
U 10%

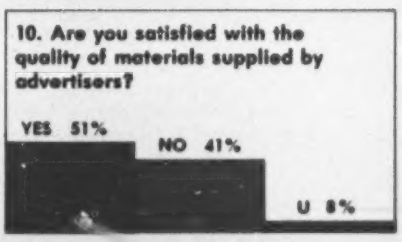


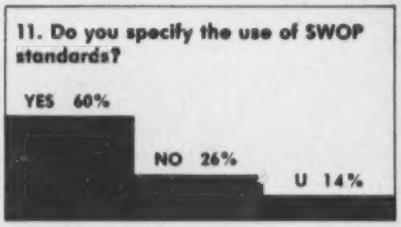


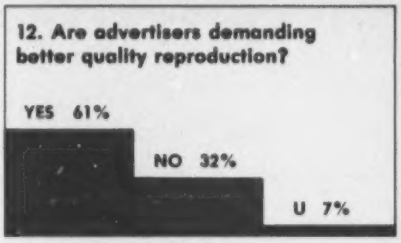


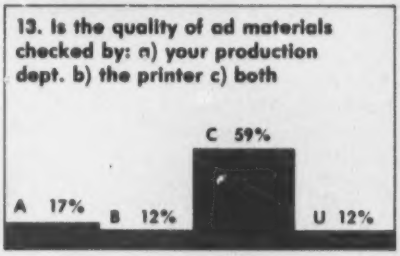


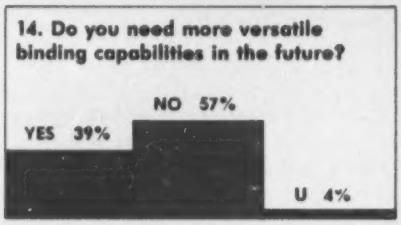


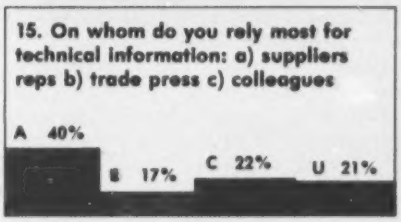


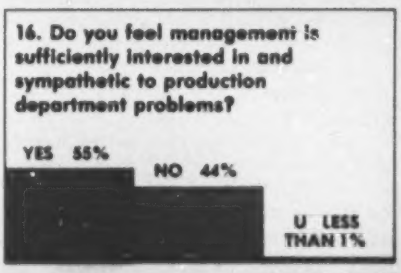











16. Do you feel management is sufficiently interested in and sympathetic to production department problems?
YES 55%
NO 44%
U LESS THAN 1%

In Forbes' most recent study of America's wealthiest people, publishing ranked third as a source of riches, just behind oil and real estate.

The Forbes 400: Publishers at the top

By James B. Kobak

This year's "Forbes 400," like last year's, gives us some fascinating insights into some of the country's wealthiest families—including a good number whose fortunes have come from publishing activities. In fact, publishing continues to rank third as the source of "400" family income, following oil and real estate.

For this year's analysis of publishing's contribution to those ranked in the "Forbes 400," I tried to list not only the total number of people who had made major fortunes, but the number of families as well. By doing so, the lead that oil has is narrowed considerably.

You will note that the "Forbes 400" is actually larger than 400 because to the individuals have been added a number of family totals in those instances where the wealth has been spread among a large number of people. For instance, there are 11 Hunts and 15 Rockefellers listed.

The list of the fortunes that have been made as a result of publishing activities is rather spectacular—with no less than six families worth over a billion dollars and others approaching that mark.

Most of the largest estates are the result of newspaper activities started many years ago. More recently, however, magazines have accounted for the wealth accumulated—and we see a number of individuals in their forties and fifties with substantial holdings.

A comparison of the value of

Jim Kobak of Darien, Conn. has been a management consultant since 1971. He was previously administrative partner of J.K. Lasser & Co. and international administrative partner of Lasser, Harmood Banner and Dunwoody.

Publishing's contribution to the Forbes 400

		Age	Estimated worth $(000,000) 1982	1983
Barron family	**Dow Jones**			
Jane Bancroft Cook		71		
William C. Cox Jr.		51		
Jane C. MacElree		53		
Battina Bancroft		42	—	1,800
Hugh Bancroft III		34		
Christopher Bancroft		32		
Kathryn Bancroft Kavadas		31		
Hearst family	**Newspapers, magazines, TV real estate**			
William Randolph Hearst Jr.		75		
Randolph Apperson Hearst		67		
David Whitmire Hearst		67	1,000	1,500
George Randolph Hearst Jr.		56		
Phoebe Hearst Cooke		56		
Children of John Randolph Hearst Sr.		—		
Newhouse family	**Newspapers, Conde Nast, Random House, Cable**			
Samuel Irving Newhouse Jr.		55	1,200	1,400
Donald E. Newhouse		53		
Annenberg family	***TV Guide, Seventeen,* Daily Racing Form**			
Walter Hubert Annenberg		75		
Enid Annenberg Haupt		77		
Esther Annenberg Simon		81	800	1,075
Jeanette Annenberg Hooker		78		
Lita Annenberg Hazen		73		
Evelyn Annenberg Hall		71		
Cox family	**Cox Enterprises—Newspapers, broadcast**			
Barbara Cox Anthony		60	1,000	1,200
Anne Cox Chambers		63		
Scripps family	**Newspapers**			
Edward Wyllis Scripps		74		
E.W. Scripps family		—	900	1,030
J.E. Scripps family		—		
Chandler family	**Times Mirror Co.—Newspapers, TV, books, magazines**			
Ruth Chandler von Platen		86		
Harrison Gray Chandler		80	640	865
Alice May Chandler Goodan		90		
Jack Kent Cooke	**Real estate, cable, publishing**	70	500	600

Number by industry

Inherited

	Individuals	Families
Real estate	22	19
Oil	60	23
Publishing	36	21
Consumer manufacturing	27	18
Industrial manufacturing	54	18
Retailing	6	5
Computers and electronics	1	1
Investments	6	5
Transportation	3	3
Entertainment	3	3
Medical, Pharmaceutical	6	4
Commodities	5	1
Broadcast	-	-
Ranching	7	6
Other	9	9
	245	136

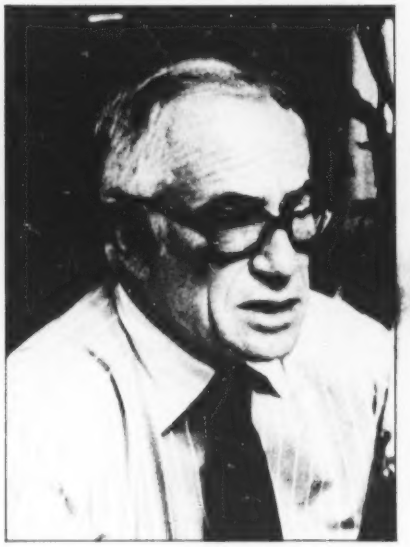
Founder still active

	Individuals	Families
Real estate	35	32
Oil	28	22
Publishing	24	18
Consumer manufacturing	18	15
Industrial manufacturing	6	5
Retailing	16	15
Computers and electronics	16	16
Investment	14	10
Transportation	8	8
Entertainment	5	5
Medical, Pharmaceutical	4	4
Commodities	6	6
Broadcast	7	7
Ranching	-	-
Other	19	16
	206	179

Total

	Individuals	Families
Real estate	57	51
Oil	88	45
Publishing	60	39
Consumer manufacturing	45	33
Industrial manufacturing	60	23
Retailing	22	20
Computers and electronics	17	17
Investments	20	15
Transportation	11	11
Entertainment	8	8
Medical, Pharmaceutical	10	8
Commodities	11	7
Broadcast	7	7
Ranching	7	6
Other	28	25
	451	315

		Age	Estimated worth $ (000,000) 1982	1983
Edward L. Gaylord	Broadcast, newspapers	64	500	600
Pulitzer family	Newspapers, TV, radio		400	400
McGraw family	Magazines, books, services		250	400
de Young family	Newspapers, TV, cable			400
Hobby family	Newspapers, TV		250	400
Oveta Culp Hobby	Newspapers, radio, TV	78	300	350
Joe Lewis Allbritton	Newspapers, TV	58	250	350
Cowles family	Newspapers, TV, radio		200	350
McClatchy family	Newspapers, cable			300
Arnold Bernhard	Value Line	81	100	300
McCormick/Patterson families	Newspapers, TV, cable		1,000	300
Sulzberger family	Newspapers, magazines, books, TV, cable			300
Paul Block Jr. William Block	Newspaper, TV, cable	71 67	220	280
Lila Acheson Wallace	*Reader's Digest*	92	200	250
William B. Ziff Jr.	Magazines	52	200	250
Roy Hampton Park	Newspapers, radio, TV	72	130	250
Oakleigh Blackeman Thorne	Commerce Clearing House	51	200	225
Robert Guccione	*Penthouse*	51	200	225
Helen Kinney Copley	Newspapers	60	125	200
Robert E. Petersen	Magazines	57	100	200
John W. Berry	Yellow Pages	60	250	200
Donald W. Reynolds	Newspapers, cable, radio, TV	77	200	200
Robert S. Howard	Newspapers, cable, TV	58	125	175
Patrick J. McGovern	Magazines	46	100	175
James L. Knight	Newspapers	74	100	172
John H. Johnson	Magazines	65	100	130
Frank Batten	Newspapers, cable	58	140	130
Generose P. Pope, Jr.	*National Enquirer*	56	130	130
Katherine Graham	*Washington Post*, Newsweek	66	100	125
Nelson Doubleday, Jr.	Books, radio, Mets	50		125
Malcolm A. Borg	Bergen Record, TV	45	100	125
Malcolm S. Forbes	*Forbes*	64	?	?



Malcolm S. Forbes, winner of this year's Henry Johnson Fisher Award, places himself among the "Forbes 400" richest people in America, but declines to cite figures on his own wealth. His reasoning: Those figures would be presumed to be accurate; figures for all the others listed are editorial estimates.

each of those listed shows substantial increases in most cases from 1982 to 1983. *Forbes* explains that this is primarily the result of the great rise in the stock market over the past year (although in some cases it is because of the correction of data from their first tabulation last year). The increases, in fact, have made $125 million the figure required to make the list. Three who were included last year are no longer listed: Eugene S. Pulliam because it was found that ownership is shared with his mother and a foundation; Carmage Walls and Nat Wartels because they could not reach a total of $100 million—poor souls. □